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TSPIRS

Timber Sale Program Information Reporting System

**Alaska
Region
1988**

INTRODUCTION

The Forest Timber Sale Program Information Reporting System (TSPIRS) presents three viewpoints of the forests timber program for 1988. Each viewpoint presents a different approach to measure the timber program; each stands on its own and is not cumulative. Forest plans provide the management direction for all Forest Service resource activities. TSPIRS is one monitoring tool for us to find out how well we are managing according to the plans. This report will be produced and available to the public on an annual basis.

BACKGROUND: Based on the public concern over the benefits and costs of timber sales, Congress directed the Forest Service to develop a system that would show all timber related benefits and costs. TSPIRS is an effort to improve the way information is developed and displayed to help public understanding of timber management. This reporting system was developed jointly with the General Accounting Office (GAO) and the Forest Service. It has been reviewed and approved by Congress.

PURPOSE: The purpose of the report is to display fiscal year 1988 financial benefits and cost information for the Alaska Region timber management program.

FORMAT: The reporting system consists of three reports which display costs and benefits of the Forests' timber management program.

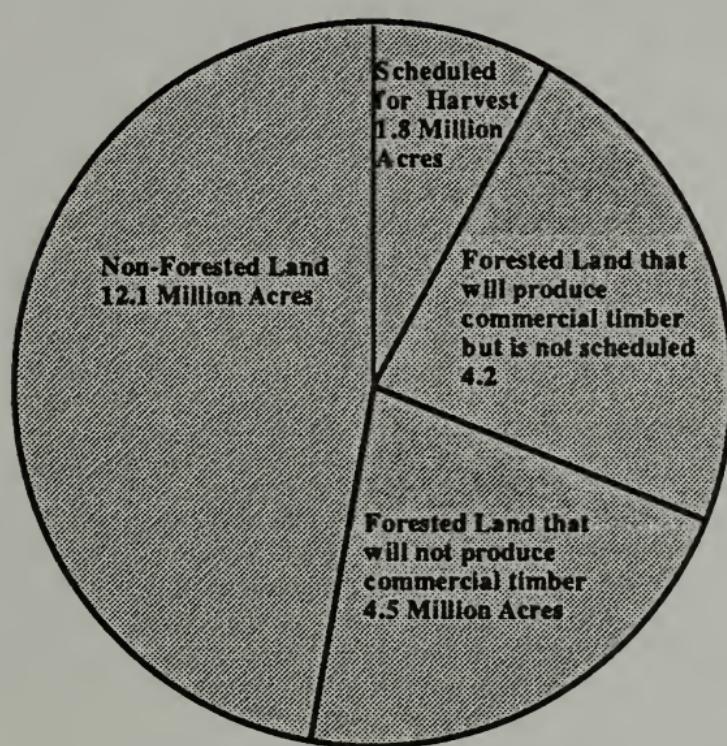
Descriptions of the three reports are listed below:

Report 1 - Financial Report (revenues compared with costs), this is similar to a private business profit and loss statement.

Report 2 - Economic Report - long term benefits, effects, and costs expected from the acres harvested in 1988. This report is tied to Forest Plan data.

Report 3 - Employment, Income and Program Report - current effects to local employment and income from harvest activities.

The following chart displays acres allocated for harvest over the next 100 years for all National Forests in Alaska as provided for in the current Forest Plans versus the total land base.



Summary - Alaska's National Forests: Timber harvest for 1988 was the highest level since 1981. Timber markets have remained strong in the Alaska Region. Continued market improvements are expected to increase timber revenues in Fiscal Year 1989.

REPORT 1 - FINANCIAL REPORT

Report 1 is an accounting report of the Alaska Region's timber management program for fiscal year 1988. This report displays revenues and costs developed by GAO and Forest Service cost centers.

I. REVENUES

Timber Sales	\$1,822,262
Purchaser Road Credit ^{1/}	8,761,260
Associated Charges ^{1/}	396,161
Interest and Penalties	9,662
Total Revenues	\$10,989,345

II. EXPENSES

Sale Administration	\$2,593,904
Sale Activity Allowance ^{1/}	8,538,684
Growth Activity Allowance ^{1/}	3,755,913
Facilities Depreciation	472,070
General Administration	3,878,054
Total Operating Expenses	\$19,238,625

**Gain/ <Loss> Before Payments
to State**

\$8,249,280

III. PAYMENT TO STATE ^{1/3/}

\$302,392

**Net Gain/ <Loss> From
Timber Sales**

<\$8,551,672>

IV. VOLUME HARVESTED ^{2/} (in board feet)

397,000,000

1/ See Glossary or Terms

2/ 332,000,000 board feet, net sawtimber

3/ Payment to state was reduced by approximately \$900,000 in FY 1989 due to application of rate redeterminations in accordance with the Federal Timber Contract Modification Act, PL 98-478

REPORT 2 - ECONOMIC REPORT

Report 2 provides the present net value of future benefits and costs on the acres harvested in 1988. This report gives a perspective for the future flow of timber and associated non-timber resource costs and benefits.

The Report 2 analysis is consistent with the analysis and decisions of the Forest Plan. Costs and prices have been updated as appropriate.

The values of benefits and costs in Report 2 have been discounted to the present to account for the time preference. The standard Forest Service discount rate of 4% was used.

For discounting timber outputs, the time span extends from the year following the reporting period through the harvest of all future regenerated stands. In addition to timber outputs, Report 2 includes estimates of the present net value for non-timber outputs. The kinds and quantities of outputs associated with timber harvest is specified in the Forest Plan.

I. PRESENT VALUE BENEFITS

Timber	\$2,821,221
Recreation	143,004
Wildlife	271,300
Fisheries	485,600
Total Present Benefits	\$3,721,125

II. NEGATIVE EFFECTS

Wildlife	\$71,100
Fisheries	30,016
Total Negative Effects	\$101,116

III. INVESTMENTS VALUE

Timber	\$2,161,229
Roads	80,467
Recreation	2,288
Wildlife	0
Fisheries	34,800
Total Investments	2,278,784

IV. PRESENT NET VALUE

\$1,341,226

REPORT 3 - EMPLOYMENT & INCOME REPORT AND RELATED PROGRAM ACCOMPLISHMENTS

Report 3 displays the effects the 1988 harvest had upon local employment and income.

I. EMPLOYMENT

Direct Jobs	1,786
Indirect & Induced Jobs	1,609
Total Jobs	3,395

II. LOCAL FISCAL EFFECTS

Total Personal Income	\$118,048,000
Cumulative Value to Local Communities	486,092,000
25% Fund Payment to State ^{1/}	\$302,392

III. TIMBER PROGRAM ACCOMPLISHMENTS

Volume (in board feet):	
Offered - net sawlog vol. ^{1/}	349,000,000
Sold - net saw log vol.	316,000,000
Harvested - net saw log vol. - utility ^{1/}	333,000,000 64,000,000
Total Harvest	397,000,000
Regeneration Treatment (acres) ^{1/}	5,426
Timber Stand Improvement (acres)	135
Total Area Harvested (acres)	9,803

IV. MILES OF ROADS TO SUPPORT TIMBER PROGRAM

Appropriated	42
Purchaser Credit	100
Total	142

^{1/} See Glossary of Terms



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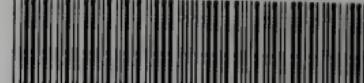
Glossary of Terms

Associated Charges. These are cash collections from the purchaser required or allowed by the timber sale contract and include deposits made for brush disposal, road maintenance, and erosion control. Cooperative deposits, liquidated damages and default payments are other possible associated charges.

Cost Pools. This cost accounting system uses two cost pools to accumulate certain costs. The cost pools are ways to capture different types of multi-year costs and allow them to be matched against revenues.

Sale Activity Allowance is composed of the following activities: Timber Planning, Silvicultural Examinations, Sale Preparation, Other Resource Support, Timber Salvage Sale Fund, Brush Disposal, KV Reforestation, Co-op Road Maintenance, and Transportation Planning. Current actual costs for these activities are added to the pool each year and then depleted from the pool and allocated to the current fiscal year according to the formula: Sale Activity Pool Allowance = (Volume Harvested X Current Year Pool Balance) / (Volume Under Contract + Volume Harvested).

Growth Activity Allowance is composed of the following activities: Appropriated Reforestation, Appropriated Stand Improvement, Nursery Management, Genetic Tree Improvement, KV Stand Improvement, Timber Road Design and Construction, and Purchaser Credits Established. Current actual costs from these activities are added to the pool each year and then depleted from the pool and allocated to the current fiscal year according to the formula: Growth Activity Pool Allowance = (Volume Harvested X Current Year Pool Balance) / (Total Volume Over Average Rotation Period).



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Purchaser Road Credit. Credit earned by the timber purchaser that is applied to stumpage charges above base rates and is considered revenue. Purchaser road credit is determined by a Forest Service engineer's estimate. This amount is reflected in the timber sale contract.

Payments to States. A fund consisting of approximately 25 percent of the gross annual timber receipts received by the National Forests. This is returned to the State for use on roads and schools.

Regeneration Treatment. Treatments and activities that relate to the reestablishment of stands of trees. Includes planting, seeding, and preparing the ground for seed-in from adjacent stands where ground preparation is not necessary.

Net Sawlog Volume. Trees suitable in size and quality for processing into lumber. In Southeast Alaska, depending on the market, the volume may be processed as pulp or lumber.

Utility (Pulp) Volume. Logs that do not meet minimum requirements for sawtimber but are suitable for the production of usable pulp chips.

This Summary is based upon technical documents on file at the Regional Forester's Offices. For more information contact:

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